



August 21, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Ms. Walli:

**Re: Independent Study on Transfer Pricing
2014 Cost of Service Distribution Rate Application, EB-2013-0159**

On May 1, 2014, the Ontario Energy Board (the "Board") issued its Decision and Order in Oakville Hydro Electricity Distribution Inc.'s ("Oakville Hydro's") 2014 Cost of Service proceeding. In its Decision, the Board accepted the Settlement Proposal filed on April 17, 2014.

In Section 7.4 of the Settlement Proposal, Oakville Hydro and the HVAC Coalition ("HVAC") agreed that they would retain an independent consultant to conduct a study of all direct and indirect cost allocation between the regulated utility and Oakville Hydro Energy Services Inc. ("OHESI") as it relates to water heater OHESI's activities and between the regulated utility and its unregulated HVAC business, owned and operated by Sandpiper Energy Solutions Home Comfort Inc. for the 2014 Test Year. The parties agreed that the study would be filed with Oakville Hydro's 2016 rate application and that it would be up to the Board to determine how it wished to proceed at that time.

Oakville Hydro wishes to advise the Board that, although Oakville Hydro and HVAC have made some progress with this item, the study is not ready for submission with Oakville Hydro's 2016 rate application. Oakville Hydro anticipates that it will file the independent study with its 2017 rate application.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Caputi'.

Mary Caputi
Director, Regulatory Affairs
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cc: Martin Luymes, HVAC Coaliton